

# NEW APPLICATION



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**SOUTHWEST GAS CORPORATION**

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AZ CORP COMMISSION  
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April 22, 2004

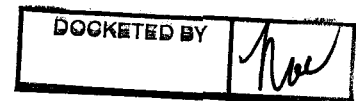
Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission

**DOCKETED**

APR 23 2004

G-01551A-04-0309



Southwest herewith submits for the Commission's review and approval a Special Gas Procurement Agreement (Agreement) for Yuma Cogeneration Associates. This Agreement is submitted pursuant to the terms of Schedule No. G-30, Optional Gas Service, of Southwest Gas Corporation's (Southwest) Arizona Gas Tariff No. 7. Upon Commission approval, the Agreement shall continue in effect for a primary term of 18 months and continue from month to month thereafter.

As specified in Special Condition No. 3 of Schedule No. G-30, the Agreement enumerates the provisions whereby Southwest will procure specific supplies of gas for Yuma Cogeneration Associates. Southwest is unable to serve Yuma Cogeneration Associates utilizing the floor cost of gas as defined in Schedule No. G-30. Consequently, a Special Gas Procurement Agreement was executed that will allow Southwest to retain Yuma Cogeneration Associates as a customer on its distribution system.

Southwest herewith submits an original and thirteen (13) copies of the Agreement, including an Exhibit A which has been redacted due to the proprietary and commercially-sensitive nature of the information contained in such exhibit.

By copy of this letter, Southwest is providing a copy of the Agreement and unredacted Exhibit A to the Commission Compliance Office, Director of the Commission Utilities Division and Commission Utilities Division Staff. The unredacted exhibit is being provided under seal in reliance upon prior Confidentiality Agreements related to Special Gas Procurement customers which have previously been executed by Southwest and Utilities Division Staff.



Docket Control Center  
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Southwest respectfully requests that the attached Agreement be permitted to become effective July 1, 2004.

Respectfully submitted,

Randall W. Sable  
Manager, State Regulatory Affairs

c Ernest Johnson, ACC  
Robert Gray, ACC  
Brian Bozzo, ACC

**SOUTHWEST GAS CORPORATION  
SPECIAL GAS  
PROCUREMENT AGREEMENT  
UNDER SCHEDULE G-30**

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This Service Agreement ("Agreement") is made and entered into as of the 15<sup>th</sup> day of April, 2004, by and between SOUTHWEST GAS CORPORATION, a California corporation, herein called the Utility and YUMA COGENERATION ASSOCIATES, herein called the Customer.

WITNESSETH:

In consideration of the mutual covenants and agreements as herein set forth, the Utility and the Customer agree as follows:

**ARTICLE I - GAS TO BE SOLD AND PURCHASED**

Subject to the terms, conditions and limitations hereof, the Utility agrees to sell and deliver to the Customer and the Customer agrees to receive, purchase and pay for natural gas volumes purchased and scheduled by the Utility on behalf of the Customer.

**ARTICLE II - DELIVERY POINTS AND PROVISIONS OF SERVICE**

Delivery of natural gas by the Utility to the Customer shall be at or near the points whose locations are listed below, and shall be in accordance with Rule No. 7 of the Utility's currently effective Arizona Gas Tariff.

Delivery Point(s)  
280 N. 27<sup>th</sup> Drive, Yuma, Arizona

**ARTICLE III - APPLICABLE RATES AND RATE SCHEDULE**

The Customer agrees to pay the Utility for all natural gas sales service rendered under the terms of this Agreement in accordance with the Utility's Schedule No. G-30, as approved by the Arizona Corporation Commission (Commission) and as amended or superseded from time to time. The rates to be charged pursuant to Special Condition No. 3 of Schedule No. G-30 are set forth in the Exhibit A attached hereto and made a part hereof. This Agreement shall be subject to the provisions of such Schedule and the Rules and Regulations applicable thereto on file with the Commission and effective from time to time, which by this reference are incorporated herein and made a part hereof.

#### **ARTICLE IV - TERM OF AGREEMENT**

This agreement shall become effective July 1, 2004 subject to Arizona Corporation Commission approval, and remain in effect for a primary term of eighteen (18) months and from month to month thereafter, subject however, to termination upon the expiration of the primary term or upon the first day of any calendar month thereafter by either party through written notice so stating and given to the other party no less than ninety (90) days in advance. This Agreement may also be terminated by mutual agreement of the parties

#### **ARTICLE V - NOTICES**

Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered personally, by mail or facsimile with all postage and charges prepaid, to either the Customer or the Utility at the place designated. Routine communications shall be considered as duly delivered when mailed by ordinary mail. Normal operating instructions can be made by telephone. Unless changed, the addresses of the parties are as follows:

##### **SOUTHWEST GAS CORPORATION**

Large Customer Sales Department  
P.O. Box 98510 LVB-106  
Las Vegas, Nevada 89193-8510  
Phone No. (702) 364-3063  
Fax No. (702) 365-5904

##### **YUMA COGENERATION ASSOCIATES**

Attn.: Jeff Hoffman  
280 N. 27<sup>th</sup> Drive  
Yuma, Arizona 85364  
Phone No. (928) 329-8514  
Fax No. (928) 329-6015

Either party may change its address at any time upon written notice to the other.

#### **ARTICLE VI - OTHER OPERATING PROVISIONS**

##### **A. OPERATING CONDITIONS**

Prior to the beginning of each month, the Customer will inform the Utility's Gas Purchasing Department of its anticipated usage for the following month. The Customer agrees to use its best efforts to accurately forecast its monthly nominations to the Utility. The Customer has the ability to purchase supplies through a fixed supply contract. If the Customer elects a fixed supply contract, the volumes delivered under this contract will be the first through the meter. The Utility, at its sole discretion, retains the authority to obtain additional supplies or reduce supplies to meet the customer's daily and/or monthly natural gas requirements. During periods when El Paso Natural Gas Company has declared an "Overpull Alert," the Customer agrees to limit its daily usage to the supplies scheduled for the Customer by the Utility.

If the Customer for any reason is shut down or is substantially not utilizing the amount of gas secured under a termed, fixed supply contract, the Utility may liquidate these supplies. Should this occur, the Customer expressly understands and agrees to the following:

For any volumes liquidated by the utility for the Customer at a price less than the actual purchase price, the Customer will pay this difference to the Utility.

For any volumes liquidated by the Utility for the Customer at a price more than the actual purchase price, the Customer will be credited this difference by the Utility.

#### B. CONFIDENTIALITY

Neither the Utility nor the Customer, nor their respective affiliates, directors, officers, employees, agents nor permitted assignees shall disclose to any third party the terms and provisions of this Agreement without the other party's prior written consent; provided, however that the Utility may make such disclosure of the terms and provisions of this Agreement to the Arizona Corporation Commission as in the opinion of counsel to the Utility is required by applicable law, rule or regulation, and provided that with respect to any such disclosure to the Arizona Corporation Commission, the Utility shall take all steps reasonably available to maintain the confidentiality of this Agreement and prevent its disclosure to third parties; and provided further that the Customer may make such disclosure as required by law, and on a confidential basis, of the terms and provisions of this Agreement to their consultants and attorneys.

#### C. CONSTRUCTION OF FACILITIES

If the Customer requests the Utility to provide natural gas service at delivery points other than those designated in this Agreement, the parties shall execute an additional agreement for that service.

The Customer shall have the right to request additional capacity at the delivery point. If the Utility's existing facilities are capable of delivering such capacity the rates described in Article III shall apply. If, as a result of such request, the Utility will be required to install incremental facilities to meet the increased capacity, the Utility and the Customer agree to amend this Agreement to adjust the terms and conditions set forth in this Agreement to allocate costs for the incremental facilities and adjust the Utility's rates accordingly.

#### D. UPSTREAM CAPACITY ISSUES

Natural gas service to the Customer may be subject to some service interruptions if there is a recall of Block 2 capacity in El Paso Natural Gas' system.

### ARTICLE VII - ADJUSTMENTS TO RULES AND REGULATIONS

- None -

## **ARTICLE VIII - PRIOR AGREEMENTS**

When this Agreement becomes effective, it supersedes, cancels and terminates the following agreement(s):

Special Gas Procurement Agreement, dated April 10, 2002

## **ARTICLE IX - REGULATORY REQUIREMENTS**

The Customer shall not knowingly take any action which would subject the Utility to the jurisdiction of the Federal Energy Regulatory Commission, the Department of Energy, or any successor governmental agency. Any such action shall be cause for immediate termination of this Agreement. This Agreement, all terms and provisions contained or incorporated herein, and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction over the subject matter of this Agreement. This Agreement shall at all times be subject to such changes or modifications by the Arizona Corporation Commission as it may from time to time direct in the exercise of its jurisdiction.

Should the Arizona Corporation Commission or any other regulatory or successor governmental agency having jurisdiction impose by rule, order or regulation any terms or conditions upon this Agreement which are not mutually satisfactory to the parties, then either party upon the issuance of such rule, order or regulation, and notification to the other party, may terminate this Agreement.

Either party's right to terminate this Agreement for the above reasons shall be expressly contingent upon the Utility's ability to liquidate any gas supplies secured for the Customer under a termed, fixed supply contract. Should this occur, the Customer expressly understands and agrees to the following:

- 1) For any volumes liquidated by the Utility for the Customer at a price less than the actual purchase price, the Customer agrees to pay this difference to the Utility.
- 2) For any volumes liquidated by the Utility for the Customer at a price more than the actual purchase price, the Customer will be credited this difference by the Utility.

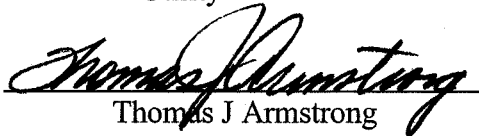
**ARTICLE X - SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may be assigned or transferred by either party with the written approval of the other party. Such approval shall not be unreasonably withheld. As between the parties hereto, such assignment shall become effective on the next regularly scheduled meter read date following receipt of written notice that such assignment has been effectuated.

**SOUTHWEST GAS CORPORATION**

"Utility"

By:



Thomas J Armstrong

Title:

Vice President/Gas Resource  
and Energy Services

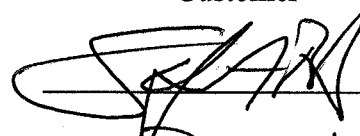
Date:

4/15/2004

**YUMA COGENERATION ASSOCIATES**

"Customer"

By:



Title:

President

Date:

4/15/04

**SOUTHWEST GAS CORPORATION  
SPECIAL PROCUREMENT AGREEMENT  
UNDER SCHEDULE NO. G-30**

CURRENT EFFECTIVE RATES:

Basic Charge/Month

Amount

Volumetric Charge

Gas Costs<sup>1</sup> plus the applicable fuel and variable charges on the El Paso Natural Gas Company (El Paso) system plus a volumetric charge of [REDACTED] per therm.

Effective Date: July 1, 2004, or as directed by the Arizona Corporation Commission.

Date Issued: April 15, 2004 (Original)

Customer: YUMA COGENERATION ASSOCIATES – Yuma, AZ

**SOUTHWEST GAS CORPORATION**

“Utility”

By:

*Thomas J. Armstrong*

Title:

Vice President/Gas Resource  
and Energy Services

Date:

*4/15/2004*

**YUMA COGENERATION ASSOCIATES**

“Customer”

By:

*[Signature]*  
President

Title:

Date:

*4/15/04*

<sup>1</sup> Gas Costs shall be the actual costs of gas purchased by the Utility on behalf of the customer. It is understood that the Utility is under no obligation to purchase any gas supplies from the San Juan Basin. However, the Utility will purchase gas supplies from the San Juan Basin if operational conditions allow it.